



**Agenda Item  
088/25**

# **Auditor's Annual Report 2024/25**

**The Shrewsbury and Telford Hospital NHS Trust**

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August 2025

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This report is addressed to The Shrewsbury and Telford Hospital NHS Trust (the Trust), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors’ annual report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



# 01 Executive Summary

# Executive Summary

## Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024/25 audit of The Shrewsbury and Telford Hospital NHS Trust (‘the Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:



**Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).



**Annual report** - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.



**Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.



**Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	<p><b>We issued an unqualified opinion on the Trust’s accounts on 26 June 2025.</b> This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.</p> <p>We have provided further details of the key risks we identified and our response on pages 7 to 8.</p>
Annual report	<p><b>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.</b></p> <p>We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM).</p>
Value for money	<p>We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money.</p> <p><b>We have nothing to report in this regard.</b></p>
Other reporting	<p>We have made a <b>section 30 referral</b> to the Secretary of State given that the Trust breached its breakeven duty for 2024/25.</p> <p><b>We did not consider it necessary to issue any other reports in the public interest.</b></p>

# 02 Audit of the Financial Statements

# Audit of the financial statements

## **KPMG provides an independent opinion on whether the Trust's financial statements:**

- Give a true and fair view of the state of the Trust's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by the Secretary of State for Health and Social Care with the consent of HM Treasury on 23 June 2022 as being relevant to NHS Trusts in England and included in the Department of Health and Social Care Group Accounting Manual 2024/25; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Audit opinion on the financial statements**

### **We have issued an unqualified opinion on the Trust's financial statements before 30 June 2025.**

The full opinion is included in the Trust's Annual Report and Accounts for 2024/25 which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.

# Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
<p><b>Valuation of land and buildings</b></p> <p>Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'.</p> <p>The Trust engaged a valuer to undertake a desktop valuation for the year ended 31 March 2025. The assessment of the fair value of the assets is a key estimate in the financial statements.</p>	<p>We have performed the following procedures designed to specifically address the significant risk associated with the valuation:</p> <ul style="list-style-type: none"> <li>– We critically assessed the independence, objectivity and expertise of Cushman &amp; Wakefield, the valuers used in developing the valuation of the Trust's properties at 31 March 2025;</li> <li>– We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the Group Accounting Manual;</li> <li>– We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information, such as floor plans, and to previous valuations, challenging management where variances are identified;</li> <li>– We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;</li> <li>– We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation, including the use of relevant indices and assumptions of how a modern equivalent asset would be developed, as part of our judgement;</li> <li>– We performed inquiries of the valuers in order to verify the methodology that was used in preparing the valuation and whether it was consistent with the requirements of the RICS Red Book and the GAM;</li> <li>– We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the GAM; and</li> <li>– Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.</li> </ul>	<p><b>We did not identify any material misstatements relating to this risk.</b></p>

# Audit of the financial statements

Risk	Procedures undertaken	Findings
<p><b>Fraudulent expenditure recognition - understatement</b></p> <p>Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over non-pay expenditure, excluding depreciation.</p>	<p>We performed the following procedures in order to respond to the significant risk identified:</p> <ul style="list-style-type: none"> <li>– We have evaluated the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they have been completely recorded;</li> <li>– We have inspected a sample of expenditure invoices posted in the period after 31 March 2025 to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;</li> <li>– We have inspected a sample of payments in April and May 2025 and traced the associated expenditure to the ledger to ensure they were accrued in the appropriate financial year;</li> <li>– We have compared the items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to identify and investigate any potentially understated accruals;</li> <li>– We have inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded in 2024-25 in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; and</li> <li>– We have performed a retrospective review of prior year accruals in order to assess the completeness of recording of accruals at 31 March 2024 and consider the impact on our assessment of accruals at 31 March 2025.</li> </ul>	<p><b>We did not identify any material misstatements relating to this risk.</b></p>
<p><b>Management override of controls</b></p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>Our audit methodology incorporates the risk of management override as a default significant risk. We carried out the following procedures:</p> <ul style="list-style-type: none"> <li>– Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.</li> <li>– In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.</li> <li>– Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.</li> <li>– Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business, or are otherwise unusual.</li> <li>– We analysed all journals through the year using data and analytics and focused our testing on those with a higher risk, such as journals impacting expenditure recognition posted during the final close down.</li> </ul>	<p><b>We did not identify any material misstatements relating to this risk.</b></p>




# 03 Value for Money


# Value for Money

## Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

 **Financial sustainability:** How the Trust plans and manages its resources to ensure it can continue to deliver its services.

 **Governance:** How the Trust ensures that it makes informed decisions and properly manages its risks.

 **Improving economy, efficiency and effectiveness:** How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

## Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

## Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
2024/25 Commentary page reference	12-15	16-18	19-21
2024/25 Identified risks of significant weakness?	<div></div> Yes	<div></div> No	<div></div> No
2024/25 Actual significant weakness identified?	<div></div> No	<div></div> No	<div></div> No
2023/24 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel	<div></div>	<div></div>	<div></div>

# Value for Money

## NATIONAL CONTEXT

Following the general election in July 2024 the Labour government commissioned reviews in order to determine the causes of challenges within the sector and where priorities were for improvement. A 10 year plan is currently being developed to set out the strategy for transforming health care services in the future.

Operational performance across the sector has continued to be significantly below constitutional standards, continuing a trend that began during the Covid-19 pandemic. In March 2025 25% of patients attending A&E waited more than the four hour target and 60% of patients awaiting planned care had a wait of more than 18 weeks. While mental health performance improved year on year in a number of areas the backlog for treatment nationally has grown by a further 11% year on year, with 1.7 million referred patients awaiting their second contact.

During the year a revised timetable was announced for the New Hospital Programme, the national capital project to build 40 new hospitals. For a number of hospitals this has meant delays to the timetable for their construction deferred to the 2030s.

### *Financial performance*

Local NHS systems continued to face challenging financial targets in 2024-25. Budgets across the 42 integrated care systems in England had a combined £500 million deficit compared to the funding that was available at the beginning of 2024-25. By February 2025 (the latest national data available when this report was drafted) the forecast performance of all systems was a £604 million overspend against the agreed figures.

Each year NHS entities are delegated efficiency targets through funding allocations and contracting guidance. Across England there was a £539 million shortfall in the identified efficiencies compared to those required based on the agreed levels of funding delegated to systems.

### *Structures*

Significant changes to the structure of the health system have been announced, to be implemented between 2025 and 2027. ICBs have been set running cost targets, with many expected to pursue mergers or large restructurings in order to achieve these. Providers are expected to reverse 50% of their corporate cost growth since Covid-19. During 2025-26 all NHS entities will therefore need to reassess their structures, which can impact on management bandwidth, stability of controls and morale.

## LOCAL CONTEXT

The Shrewsbury and Telford Hospital NHS Trust is the main provider of acute hospital services for around half a million people in Shropshire, Telford & Wrekin and mid-Wales. It comprises two main hospital sites, Royal Shrewsbury Hospital (RSH) and the Princess Royal Hospital (PRH) in Telford.

The Trust employs nearly 8,000 staff. It reports through the Shropshire, Telford & Wrekin ICS.

The Trust has recently commenced a major transformation programme with the expansion of facilities at RSH to enable that to become the Trust's sole emergency centre with PRH to focus on planned care activity.

### *Financial performance*

The Trust has continued to operate in a challenging financial environment with significant deficit outturns over recent years. This has necessitated a strong focus on cost savings and efficiency of delivery as well as strong collaboration with partners. Since November 2022, the Trust has been in receipt of provider revenue support from NHSE to support its ongoing cash requirements.

As noted later in this report, the 2025/26 financial plan is again challenging, being underpinned by an efficiency requirement which represents a significant step-up in delivery compared to previous years.

### *System working*

Being the largest (and only acute) provider within the Shropshire, Telford & Wrekin ICS, the Trust is a key partner within the system. We have seen evidence of regular cross-system working through a wide range of financial and operational system committees and working groups. This will need to continue and further develop in the context of the continuing challenging environment within the NHS, both locally and nationally.

# Financial Sustainability

## *How the Trust plans and manages its resources to ensure it can continue to deliver its services.*

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## *Summary of arrangements*

**We have not identified any significant weaknesses in the Trust's arrangements in relation to financial sustainability.**

### *2024/25 Financial Plan*

The 2024/25 financial plan was developed through activity meetings and associated submissions at specialty level within the Trust with a triangulation of workforce, activity and financial elements together with identification of cost pressures and potential service developments. To enable prioritisation, the plans were discussed at various levels within the Trust through integrated planning meetings, including reviews undertaken by Finance Business Partners and the Deputy Director of Finance, reviews of service investments at the Innovation and Investment Committee (IIC) and divisional confirm and challenge sessions with the Director of Finance and Chief Operating Officer. Weekly meetings were also held at STW system level to ensure alignment and integration.

Alongside this, the plan was subject to further scrutiny and refinement through both the STW system and the regional NHSE team in the context of the wider system performance target, prior to approval by Finance and Performance Assurance Committee (FPAC) (since retitled Finance Assurance Committee (FAC)) and Board, before submission to NHSE of the final version in June 2024. The plan papers taken to FPAC identified the key areas of risk and emerging plans for mitigating actions and it is clear from minutes that the Board recognised the inherent challenge, particularly given the reliance on system partners and the operational demands on the Trust.

### *2024/25 Performance against Plan*

The Trust submitted a planned deficit of £44.3 million for 2024/25 to NHSE. The Trust's planned deficit was restated to £nil compared to the original plan due to the system's receipt of deficit support funding from NHSE, as was the case in 2023/24.

At the Finance Assurance Committee (FAC) on 29 April 2025 it was reported that the 2024/25 year ended with an £18.6 million deficit, which was in line with the forecast submitted at month 11. A further adjustment of £5.8 million relating to impairment of modular buildings brought the final deficit to £24.4 million as shown on page 15.

The main drivers of the deficit included:

- Shortfall on the main efficiency programme (£1.6 million);
- Shortfall on the escalation efficiency programme (£8.8 million);
- Pay and non-pay pressures of (£8.5 million) and (£1.9 million) respectively;
- Endoscopy income risk (£4.0 million);
- Unfunded pay award (£3.6 million) and resident doctors cost pressure (£1.0 million); and
- Additional income £10.2 million – Additional ERF income (£1.6 million) and escalation income (£8.6 million) received from the ICB in March 2025 to support additional pressures.

# Financial Sustainability

## ***How the Trust plans and manages its resources to ensure it can continue to deliver its services.***

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## ***Efficiency Programme***

The Trust is required to report its performance against CIP targets to NHSE monthly through the Provider Finance Return. Individual efficiency schemes are developed by scheme leads in conjunction with the Financial Recovery Programme Office and require appropriate Project Initiation Documents and Quality / Equality Impact Assessments. Once approved at a Divisional level they are reviewed by the ESG and signed off by the relevant Executive Directors. ESG has primary responsibility for the tracking of efficiency schemes and reviewing risks to delivery. This group meets monthly, is chaired by the Deputy Director of Finance – Operational and is attended by Divisional representatives who provide an update on progress in their respective areas. Overall delivery and progress is regularly reported to the OPOG, the IIC and FAC, with a summary page in the Integrated Performance Report (IPR) enabling full Board oversight.

As shown on page 15, in 2024/25, the Trust delivered efficiencies of £34.3 million against the target of £44.7 million. The variance included £8.8 million related to escalation reduction and £1.6 million related to income backed CIP schemes.

In 2025/26 an efficiency target of £41.4 million (c6.4%) was set for the Trust, of which £29.9 million was recurrent and £11.5 million non-recurrent, with total Pay CIP schemes expected to deliver £30 million savings, whilst Non-Pay CIP is another £11 million and Income delivering a further £1 million. The detailed significant elements of the CIP programme included:

- c£7 million from headcount reductions, via looking to reduce substantive staff whole time equivalent (WTE) headcount by 289 in the year;
- c£4 million from reduced cost of UEC, setting up of modular wards on the RSH site with pathways designed to reduce the current cost of UEC pathways;
- c£2.7 million of non-pay procurement savings;
- c£2.6 million of savings made as a result of held vacancies within the Trust; and
- c£2.4 million of elective efficiencies made from ERF funding.

The Trust recognises this represents a further step-up in delivery compared to 2024/25 and as such there is a need to consider additional schemes to account and mitigate for potential slippage and pressures throughout the year.

# Financial Sustainability

## ***How the Trust plans and manages its resources to ensure it can continue to deliver its services.***

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

## ***2025/26 financial plan***

The Trust based its 2025/26 plan on baseline 2024/25 activity levels as updated for known changes. The final budget setting paper was presented to the Board on 25 March 2025 with the final plan submitted to NHSE on 30 April 2025 showing a breakeven position with deficit support of £45.1 million for the year.

The key underpinning assumptions are:

- No growth funding from NHSE or Welsh commissioners;
- £41.4 million of efficiencies (£14.1 million “Business As Usual”, £3.0 million further agency reductions, £4.2 million escalation reductions and £20.1 million stretch target); and
- £6.2 million of recurrent cost pressures.

Also included in the plan was additional recurrent funding of £14.0 million for escalation costs agreed with the ICS and £6 million of back pay for clinical support workers.

The Trust identified a number of key risks to the delivery of the plan, amounting to £49.3 million (which if they all crystallised would more than double the planned deficit). The main constituent elements are pay inflation (£8.2 million), a proportion of the efficiency ask (£20.1 million) and back pay for care support workers (£7.8 million).

The Trust forecasts it will continue to require cashflow support from NHSE during 2025/26.

We reviewed the Trust’s detailed the pay bridge, which showed an opening position of £411.2 million turning into a 2025/26 final plan of £451 million, after taking into consideration items such as inflation, efficiency and income backed posts, ERF and the £21.2 million efficiency linked to pay schemes. We reviewed the nature and context of the key adjustments set out the above and they appear consistent with our understanding of the Trust and the wider system, with the detail being reported to Board as part of the planning rounds.

The focus of the Trust for 2025/26 will be to continue the focus on reducing WTEs, and as a result help to reduce the deficit to c£1.35 million by month 12.

# Financial Sustainability

Key financial and performance metrics:	2024/25	2023/24
Planned deficit (adjusted financial performance)	Breakeven	<i>Breakeven</i>
Actual deficit (adjusted financial performance)	£24.4 million	<i>£54.6 million</i>
Planned CIP as a % of spend	<b>6.4%</b>	<b>5.9%</b>
- Recurrent	- £22.4 million recurrent (50%)	- <i>£17.1 million recurrent (48%)</i>
- Non-recurrent	- £22.3 million non-recurrent (50%)	- <i>£18.4 million non-recurrent (52%)</i>
Actual CIP as a % of spend	<b>4.6%</b>	<b>2.8%</b>
- Recurrent	- £14.4 million recurrent (42%)	- <i>£10.5 million recurrent (56%)</i>
- Non-recurrent	- £19.9 million non-recurrent (58%)	- <i>£8.3 million non-recurrent (44%)</i>
Year-end cash position	£61.5 million	<i>£54.7 million</i>

# Governance

## ***How the Trust ensures that it makes informed decisions and properly manages its risks.***

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

## ***Summary of arrangements***

**We have not identified any significant weaknesses in the Trust's arrangements in relation to governance.**

### ***Risk Management Process***

Management of risk 'on the ground' continues to be overseen at divisional level through the divisional governance meetings, where risks are subject to review on a periodic basis, the frequency of which depends on their assessed risk level, ranging from monthly for 'extreme' risks to quarterly for 'low' risks. These meetings feed the monthly Risk Management Committee (RMC), chaired by the Director of Governance. The RMC has clear terms of reference which have been updated and approved during the year.

The monthly operational risk report continues to be produced as the primary output from the RMC. In 2023/24, the Trust introduced a quarterly risk management report for both ARAC and Board the purpose of which is to provide a summary of activities since the last report, an overview of the divisional and corporate risk positions and future plans. This will feed an annual risk management report based on activities to 31 March 2025.

The Board Assurance Framework (BAF) is updated and presented quarterly to FAC, PAC, People and Organisational Development Assurance Committee (PODAC), ARAC, Quality & Safety Assurance Committee (QSAC) and onwards to Board. The BAF report highlights the significant changes since the previous quarter, the Trust's top scoring risks and associated mitigations. The Board undertakes an annual review of its risk appetite statement. The Trust, ICB and Robert Jones & Agnes Hunt Orthopaedic Hospital (RJAH) have been working together to determine whether they adopt a common Risk Management Policy and are currently working on aligning risk scoring and terminology.

### ***Internal Audit and Counter Fraud***

Both the Internal Audit service and the Local Counter Fraud Service (LCFS) are provided by MIAA. They have agreed work plans and report progress to each meeting of ARAC, with a Head of Internal Audit opinion provided at the end of the financial year. We understand no significant issues have been raised in 2024/25.

### ***Budget setting and monitoring***

The 2024/25 financial plan was developed through activity meetings and associated submissions at specialty level within the Trust with a triangulation of workforce, activity and financial elements together with identification of cost pressures and potential service developments. To enable prioritisation, the plans were discussed at various levels within the Trust through integrated planning meetings, including reviews undertaken by Finance Business Partners and the Deputy Director of Finance, reviews of service investments at the Innovation and Investment Committee (IIC) and divisional confirm and challenge sessions with the Director of Finance and Chief Operating Officer. Weekly meetings were also held at STW system level to ensure alignment and integration. Alongside this, the plan was subject to further scrutiny and refinement through both the STW system and the regional NHSE team in the context of the wider system performance target, prior to approval by Finance and Performance Assurance Committee (FPAC) (since retitled Finance Assurance Committee (FAC)) and Board, before submission to NHSE of the final version in June 2024.



# Governance

## ***How the Trust ensures that it makes informed decisions and properly manages its risks.***

We have considered the following in our work:

- how the Trust monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Trust ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Trust ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

## ***Budget setting and monitoring (cont'd)***

Monthly Finance Reports are provided on a regular and timely basis to FAC covering amongst other things, performance to date and associated variance analysis, efficiency delivery versus plan and updates on capital programmes and cashflow. Onward reporting to the Board is provided by via a one page "Key Issues Report" which summarises the agenda of the FAC meeting and any matters for the attention of the Board.

The Trust is also continuing to carefully monitor its financial position and performance through the Operational Performance and Oversight Group (OPOG) and weekly Financial Recovery Group (FRG) involving all members of the Executive team (this was formerly the Financial Governance Group (FGG)) which has a focus on the key metrics underpinning the delivery of the operational plan including the use of agency staff, again with mitigations as appropriate, with a monthly summary provided to the Trust Board.

## ***Laws, regulations and policies***

Overall compliance with legislation, laws & regulations is overseen by the Trust Board and relevant assurance committees. Changes to regulatory requirements are identified through legal and health & safety functions. The Trust has policies in place to guard against fraud including an Anti-Fraud, Bribery and Corruption Policy and a Freedom to Speak Up: Raising Concerns (Whistleblowing) Policy which have both been updated in the last 24 months. There are codes of conduct for both Board members and staff, which are published on the staff intranet site.

The Managing Conflicts of Interests policy incorporates the policies around gifts and hospitality and is supplemented by standard declaration pro-formas. The policy was updated and approved by the Board in October 2023 and the next review date is October 2026. From May 2023, the Trust has incorporated declaration of interests into the Electronic Staff Record (ESR), which has supported compliance through the generation of reminders to staff as well as improving the efficiency of reporting. Declarations of interest is a standing agenda item at each meeting of the Trust Board and its sub-committees.

The Trust has a Policy Approval Group (PAG) in which held its first meeting in August 2024. The PAG supports the Trust's committees in ensuring trust-wide procedures comply with the Trust's standards and assesses, makes recommendations and approves new and revised Trust policies and related documentation.

## ***Key decisions***

Key strategic decisions are made via the Trust's governance process with a scheme of delegation in place setting out where different decisions / approvals should take place. The Trust has a Business Case Review Group (BCRG), the purpose of which is to support the Trust's revenue investment decisions ensuring that the limited funding available is directed in the most efficient way to achieve maximum benefits.

The BCRG will support the development of business cases, make recommendations to the Trust Board sub-committees around investment decisions and report on the benefits and delivery of previously approved investments. The BCRG forms an integral part of the operational planning cycle to ensure cases are properly prioritised and reports monthly to the IIC via a standard report. Revenue allocations linked to the approval of business cases are approved in line with delegated authority with awards of £0.5 million+ requiring Board approval.

# Governance

	2025	2024
Control deficiencies reported in the Annual Governance Statement	None	<i>None</i>
Head of Internal Audit Opinion	Substantial Assurance	<i>Substantial Assurance</i>
Oversight Framework segmentation	Segment 4 (Mandated Intensive Support)	<i>Segment 4 (Mandated Intensive Support)</i>
Care Quality Commission rating	Requires Improvement (2023)	<i>Requires Improvement (2023)</i>

# Improving economy, efficiency and effectiveness

## ***How the Trust uses information about its costs and performance to improve the way it manages and delivers its services***

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

## ***Summary of arrangements***

**We have not identified any significant weaknesses in the Trust's arrangements in relation to economy, efficiency and effectiveness.**

### ***Performance monitoring***

The provision of performance information is led by the Associate Director of Performance and Business Intelligence, supported by the Head of Business Intelligence, the Head of Performance and Deputy Head of Performance and Business Intelligence. A Performance and BI Strategy has been developed to detail the governance arrangements in place for the flow of performance information and the associated monitoring arrangements. This formed the basis of a wider review of the Trust Performance Framework, which has been updated during the year.

The Integrated Performance Report (IPR) is taken to the Trust Board monthly and continues to present a suite of information covering the domains of quality, operational, workforce and finance, and provides a mechanism for escalating issues along with mitigating action plans. It includes key performance indicators applicable to each area and also includes narrative to include recovery actions and dependencies. To ensure further alignment to the overarching Trust aims, the IPR also includes a monthly review of all Trust objectives and enablers to track progress across these areas. These are reviewed each year as part of operational planning to feed into the objectives for the following year. The IPR is informed by more detailed reports considered at monthly Performance Review meetings where Divisions are subject to scrutiny and challenge over performance in their areas. A Data Quality Workgroup continues to take place within the Trust, which focusses on data accuracy and resolutions for any areas that need improvement. A Data Quality dashboard is utilised in Microsoft Power BI with "deep dives" on specific areas starting to be taken to the Board to provide additional insight and challenge. A Data Quality Strategy has also been approved during the year.

Performance information is compared to local and national targets and standards, both within the reporting to Board and also within the sub-committees (where relevant) and internally on a weekly basis for the main performance areas. Benchmarking tools such as Model Hospital and Healthcare Evaluation Data are used routinely to review the Trust's performance against peers. Various reports have been developed to enable staff to access key data on a self-serve basis via apps, some of which also include benchmarking to provide wider context.

### ***Outsourced services***

Outsourced services are typically performance managed by a combination of the relevant Contracts and Performance Manager, a representative from the Specialty, the Procurement Manager and other stakeholders as relevant. For major contracts there are regular performance meetings in which agreed KPIs are monitored, the frequency differing depending on the contract. For example, for the Endoscopy contract with Ergea, there are two separate meetings at both executive and operational levels. The Trust also has a dedicated procurement lead for contracts, whose role is to support on tendering processes, advise on frameworks and set up / oversee contract review meetings.

# Improving economy, efficiency and effectiveness

## ***How the Trust uses information about its costs and performance to improve the way it manages and delivers its services***

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

## ***Partnership working***

We consider there are effective arrangements in place to facilitate partnership engagement with the Director of Strategy and Partnerships leading this area for both the Trust and part-time in the equivalent role for the ICB. The Trust has representation across the various ICS operational committees and STW Place partnership boards. The Trust's approach to partnerships at a strategic level is set out as a core section within the integrated annual plan which covers both system and wider partnership arrangements.

Key recent developments have included the development of the collaborative of the four NHS Trusts within the STW region, the purpose of which is to work in partnership to deliver the key objectives within the STW ICS long term plan. This has Committees in Common and is underpinned by shared terms of reference and a Memorandum of Understanding. The Trust is also working closely with University Hospitals of North Midlands NHS Trust through a partnership board on areas of mutual benefit in terms of expertise and resources.

Overall transformational change at a system level is being driven through a five-year Joint Forward Plan to 2028 which represents a commitment by all system partners to work together at pace with the plan's key priorities complementing and supporting SATH's own improvement work. Partnership activity at both system level and more widely is routinely reported to the Board.

## ***Maternity Services and Ockenden***

During 2024/25, the Trust has continued to progress its response to both the initial and final Ockenden Reports of December 2020 and March 2022 respectively, utilising a similar reporting methodology, oversight and monitoring arrangements as that in 2023/24, the details of which are summarised below.

Whilst the Trust maintains a separate Ockenden Report Action Plan (ORAP), progress against which is regularly reported to the Trust Board, it is only one part of the Trust's wider maternity transformation programme and as such, all actions have been cross-referenced to the Trust's existing Maternity Transformation Programme (MTP) which also includes CQC-related actions.

The Trust has implemented the vast majority of the actions from the Independent Maternity Review within its control, most of which comprised the first phase of the MTP. The Trust has adopted a more integrated approach and phase two of the transformation is entitled The Maternity and Neonatal Programme. It comprises actions from 10 reports (local and national) and initiatives, with work delivered through 4 separately led work streams which report into the weekly Maternity and Neonatal Transformation Programme Group (MTPG) and onwards to the monthly Maternity and Neonatal Transformation Assurance Committee (MNTAC). MNTAC is chaired by the Director of Nursing and plays a key role in reviewing the evidence base for completion and embeddedness of actions and recommending these (or otherwise) to the Quality and Safety Assurance Committee (QSAC), which itself reports to the Board.

Between March 2021 and April 2024, the Trust held a time-limited sub-committee of the Board, the Ockenden Report Assurance Committee (ORAC). This provided assurance on completion of the actions from the Independent Maternity Review. It was externally facing with an independent co-chair, representation from a range of partner organisations including the ICB and was live streamed to the public. However, in view of the progress made during this time, governance and assurance arrangements have transferred back into "business as usual" arrangements.

# Improving economy, efficiency and effectiveness

## How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

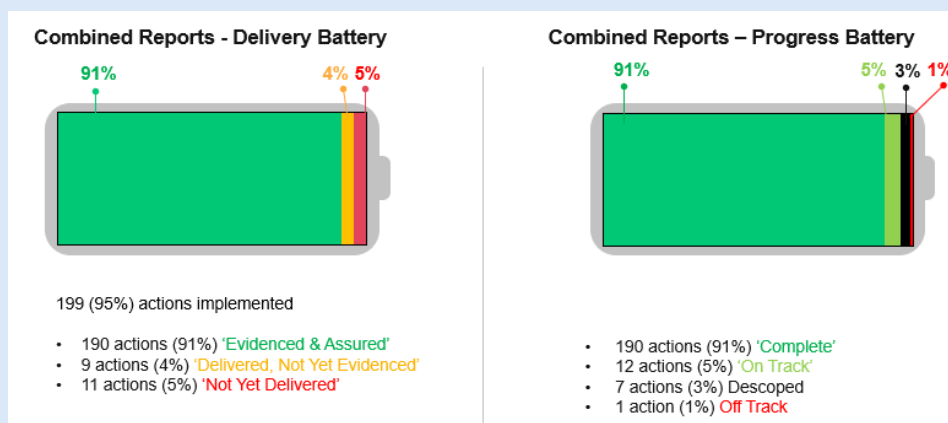
- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Trust ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- how the Trust ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Trust commissions or procures services, how it assesses whether it is realising the expected benefits.

## Maternity Services and Ockenden (cont'd)

The Trust continues to utilise a bespoke version of the cloud-based programme management software, "monday.com". This continues to enable clear tracking of progress against the Ockenden actions, storage of associated evidence as well as an audit trail of reporting provided to MNTAC. This software and methodology is also now being used more widely across the Trust.

In October 2023, the Trust updated its board reporting with the introduction of a monthly Integrated Maternity Report (IMR), the purpose of which is to consolidate all maternity-related reporting in once place to include Ockenden and CQC progress, as well as the wider MTP and updates on (for example) compliance with Clinical Negligence Scheme for Trusts safety standards. In 2024/25, this has been expanded to become the Integrated Maternity and Neonatal Report.

The "battery" charts below show both the "delivery" status and "progress" status of the 210 actions, as recorded in the ORAP, across the two Ockenden reports at March 2025:



In line with the complexity of some of the final actions, the pace of delivery in terms of the number of actions becoming "evidenced and assured" has slowed over the past 12 months. To facilitate delivery some of them have required substantive funding to be first secured, and as such are assessed via business cases as part of the Trust-wide business planning round. The actions marked as "descoped" remain outside of the Trust's control, the majority requiring action at a national level to implement them.

In 2024/25, the Trust has introduced a bespoke audit tool, the Maternity Transformation Assurance Tool (MTAT), with a view to ensuring sustainability over the embeddedness of its response to the Ockenden recommendations.



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